



招商局港口控股有限公司

CHINA MERCHANTS PORT HOLDINGS COMPANY LIMITED

# 2017 Interim Results Press Conference

31<sup>st</sup> August , 2017



# 目录

## CONTENTS

1. Performance Highlights
2. Business Analysis
3. Operation Overview
4. Outlook
5. Q&A



# Performance Highlights - P&L and Dividend Payout

- ◆ Benefited from the increase in volume and the added revenue contribution from CIMC , the revenue of CMPort increased by 14.5%
- ◆ Recurrent profit rose 37.1% to HK\$2,269 million

Items	1H2017	1H2016	Y-o-Y Change
Container throughput (million TEUs)	50.16	46.07	8.9%
Bulk cargo throughput (million Tonnes)	249	217	14.6%
	HK\$'million	HK\$'million	
Revenue <sup>1</sup>	24,288	21,212	14.5%
Revenue derived from ports operation	12,161	12,043	1.0%
EBITDA <sup>2</sup>	7,509	6,398	17.4%
EBITDA derived from ports operation	5,891	5,397	9.2%
Profit attributable to equity holders of the Company	3,148	1,690	86.3%
Derived from ports operation	2,453	2,067	18.7%
Recurrent profit	2,269	1,655	37.1%
Recurrent profit derived from ports operation	2,452	2,032	20.7%
Basic EPS (HK cents) <sup>3</sup>	100.62	54.49	84.7%
Interim dividend per ordinary share (HK cents)	22.00	22.00	Flat
Payout ratio	22%	34%	Down 12 ppt
Special Interim Dividend ( HK cents )	135.00	--	--

Notes: 1. Revenue = Revenue of the Company and its subsidiaries + share of revenue of its associates and joint ventures  
 2. EBITDA = EBITDA of the Company and its subsidiaries + share of EBITDA of its associates and joint ventures + cash dividend from other companies  
 3. All outstanding Mandatory Convertible Securities ("MCS") have been converted into ordinary shares of the Company

# Performance Highlights - Financial Position

- ◆ Total assets increased by 9.6% to HK\$ 11.3 billion
- ◆ Due to the cash received from the completion of CIMC disposal transaction, net gearing ratio decreased to 14.9 %

Items	30 Jun 2017	31 Dec 2016	Change
	HK\$'million	HK\$'million	
<b>Total assets</b>	<b>113,008</b>	103,113	9.6%
<b>Net assets attributable to equity holders of the company</b>	<b>69,795</b>	65,908	5.9%
<b>NAV per share (HK\$)<sup>1</sup></b>	<b>22.3</b>	21.1	5.7%
<b>Interest-bearing debts<sup>2</sup></b>	<b>27,094</b>	22,434	20.8%
<b>Cash and bank balances</b>	<b>15,424</b>	3,637	324.1%
<b>Net interest-bearing debts</b>	<b>11,670</b>	18,797	-37.9%
<b>Net gearing ratio<sup>3</sup></b>	<b>14.9%</b>	25.5%	down10.6 ppt

- Notes: 1. All outstanding MCS have been converted into ordinary shares of the Company  
 2. Interest-bearing debts include bank loans, listed notes and loans from China Merchants Group  
 3. Net gearing ratio is calculated as period-end net debt divided by period-end net assets

# 目录

## CONTENTS

### 1. Performance Highlights

### 2. Business Analysis

Container Handling Operation

Bulk Cargo Handling Operation

Logistics Operation

### 3. Operation Overview

### 4. Outlook

### 5. Q&A

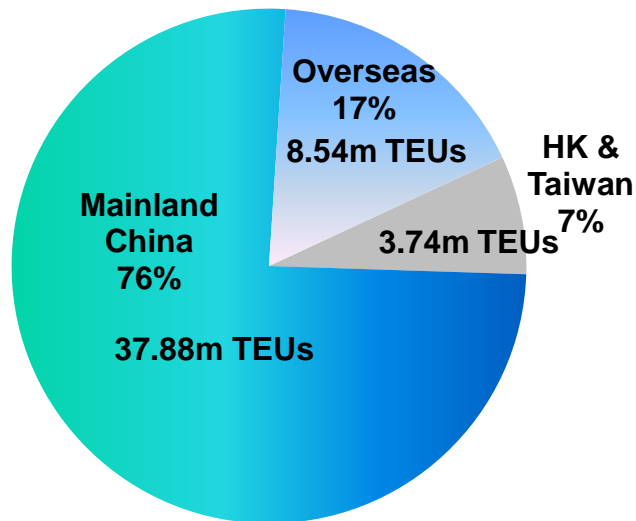


# Business Analysis - Container Operation

- ◆ CMPort recorded a historical half year breakthrough of 50.16 million TEUs in 1H 2017, up by 8.9% year-on-year
- ◆ Continuous growth in Mainland China projects, overseas Greenfield projects did excellent performances
- ◆ Hong Kong port business improved, throughput rose 29.0%

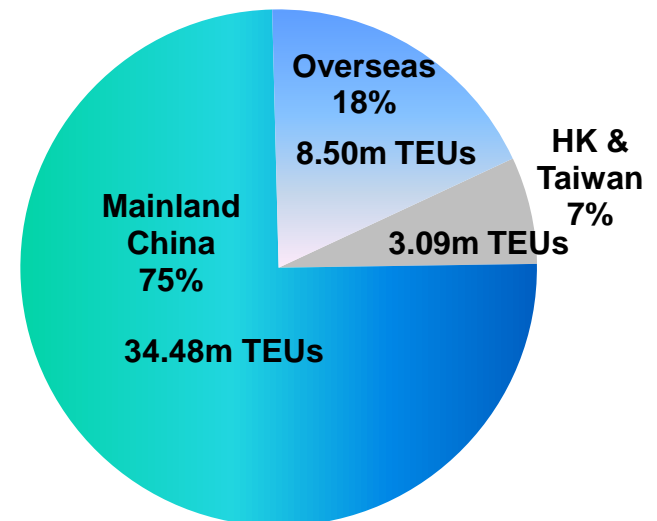
## 1H2017 Container Throughput

50.16m TEUs(+8.9%)



## 1H2016 Container Throughput

46.07m TEUs

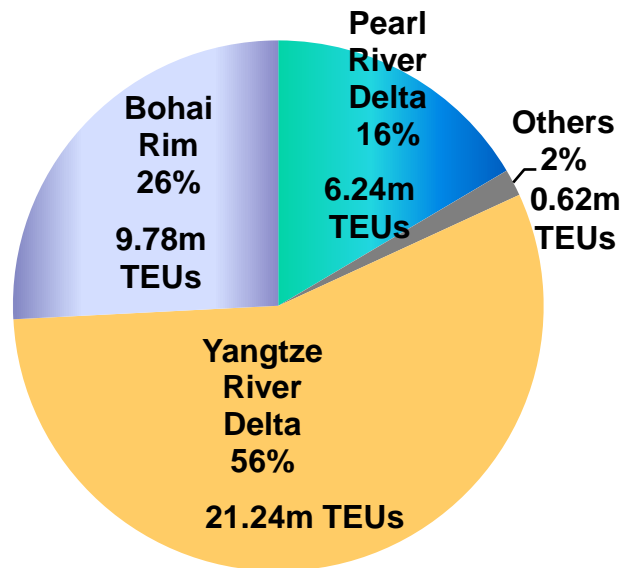


# Business Analysis – Mainland China

- ◆ Container throughput in Mainland China reached 37.88million TEUs , grew by 9.9% year-on-year
- ◆ Steady performances among regions
- ◆ Yangtze River Delta region recorded a 2million TEUs growth

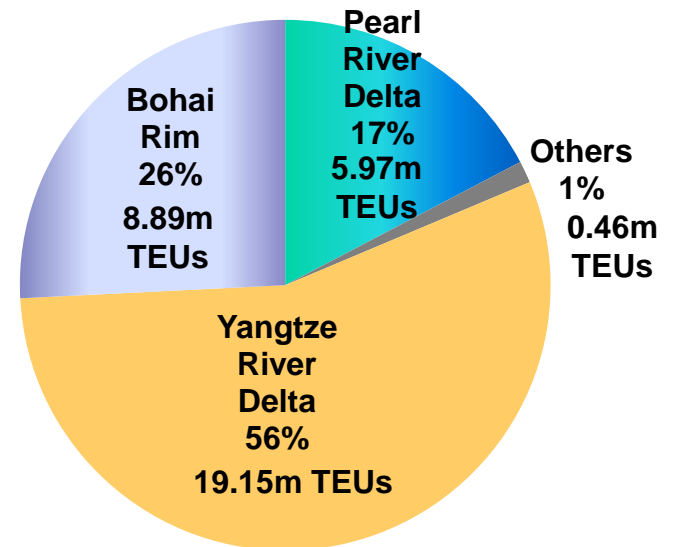
## 1H2017 Container Throughput – Mainland China

37.88m TEUs (+9.9%)



## 1H2016 Container Throughput – Mainland China

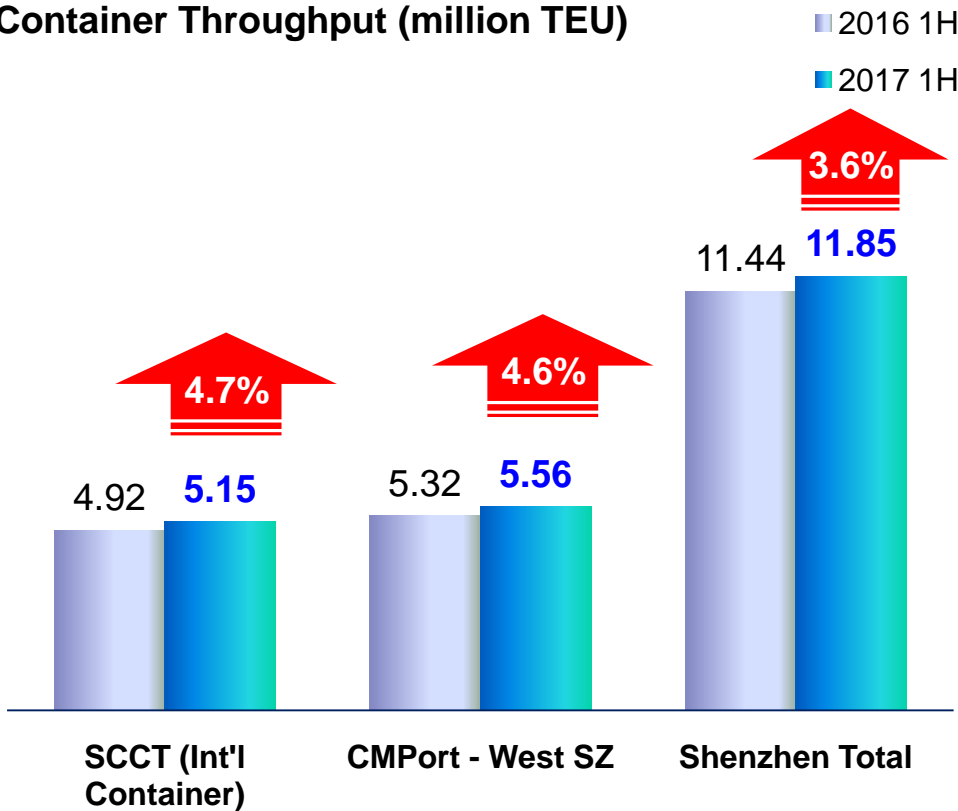
34.48m TEUs



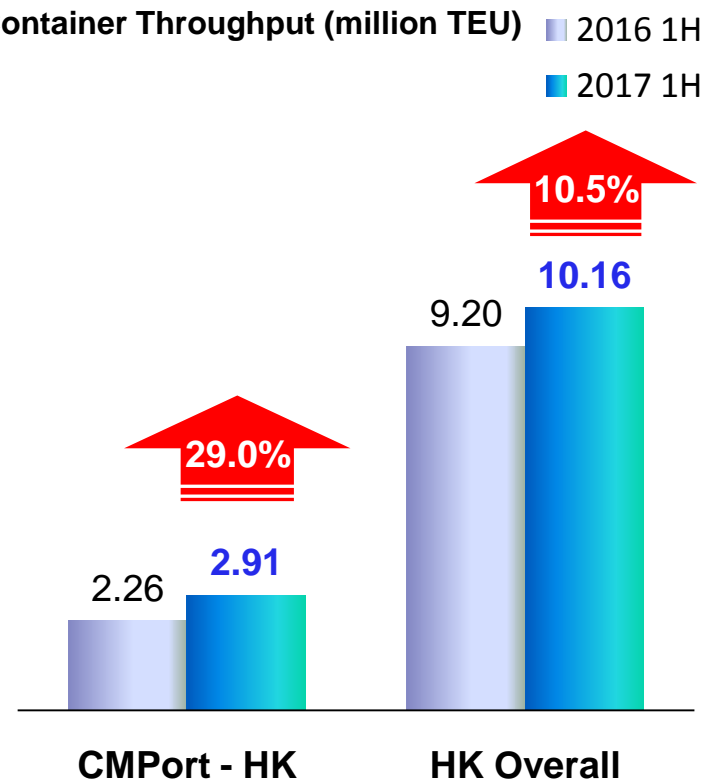
# Business Analysis – Pearl River Delta

- ◆ CMPort's West Shenzhen outperform overall Shenzhen ports with 4.6% year-on-year growth
- ◆ CMPort-invested HK ports resulted better performance than that of overall HK ports with a growth of 29.0% in 1H 2017

Container Throughput (million TEU)



Container Throughput (million TEU)

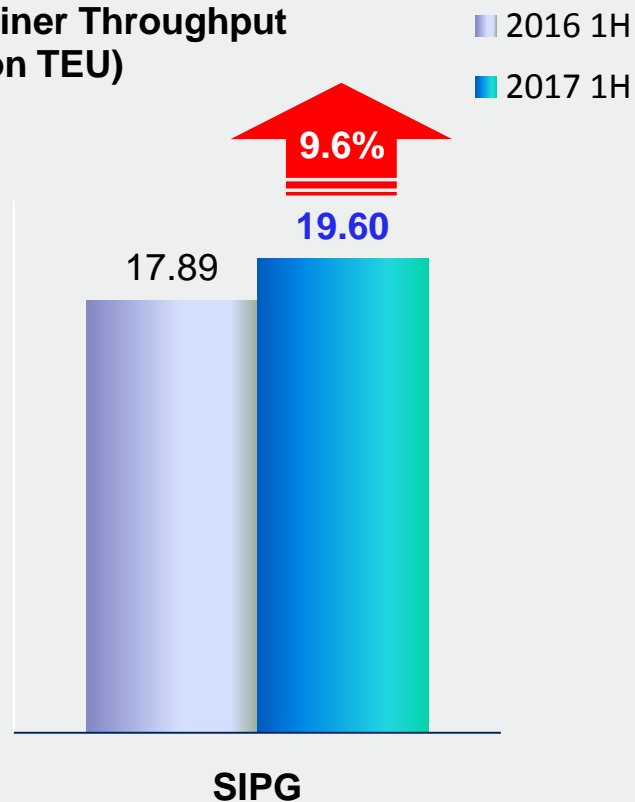




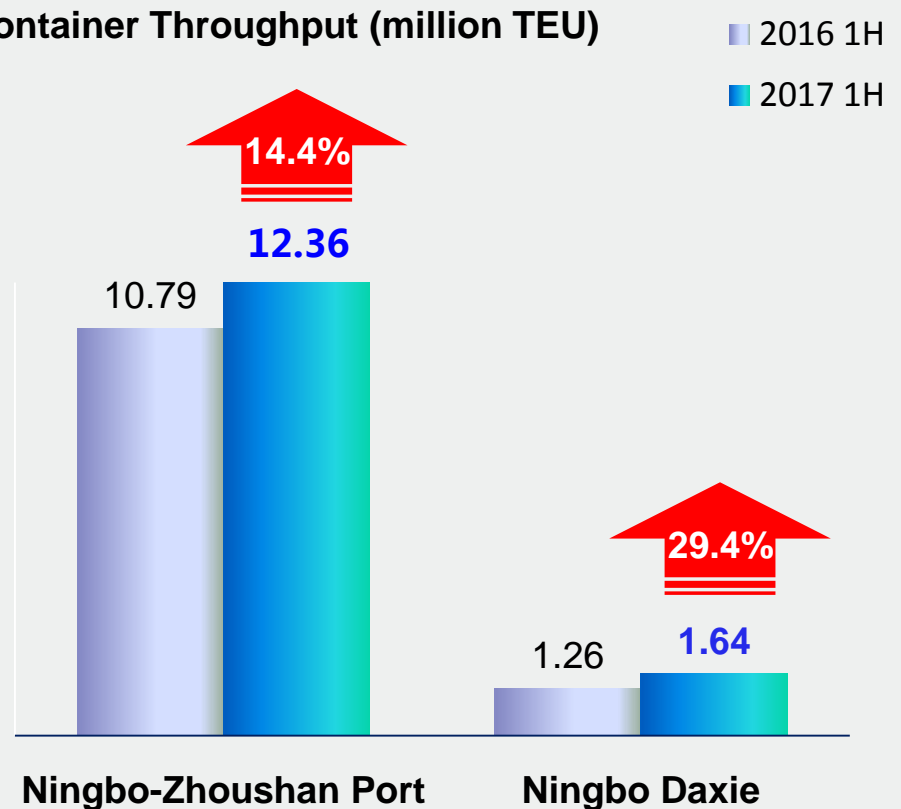
# Business Analysis – Yangtze River Delta

- ◆ Yangtze River Delta Region showed excellent growth of 10.9% year-on-year
- ◆ Ningbo Daxie rose 29.4% due to route adjustments of Ningbo Port

Container Throughput (million TEU)

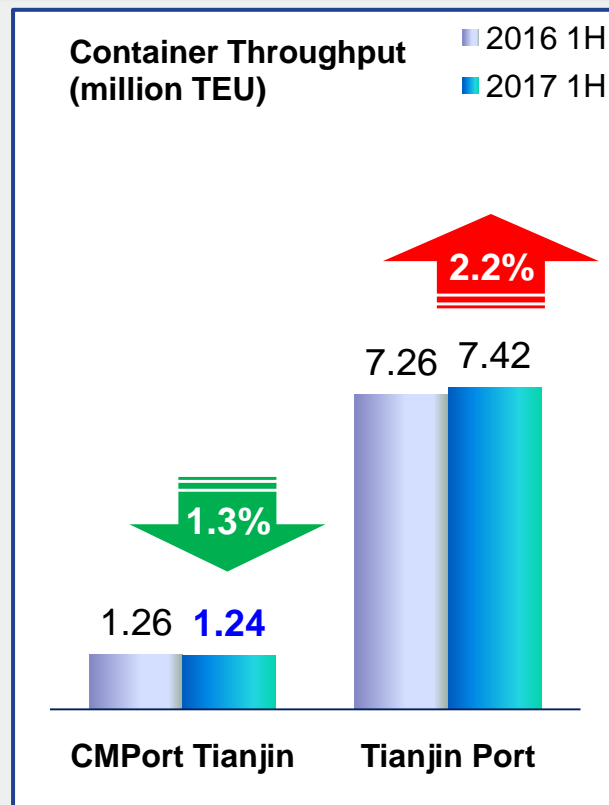
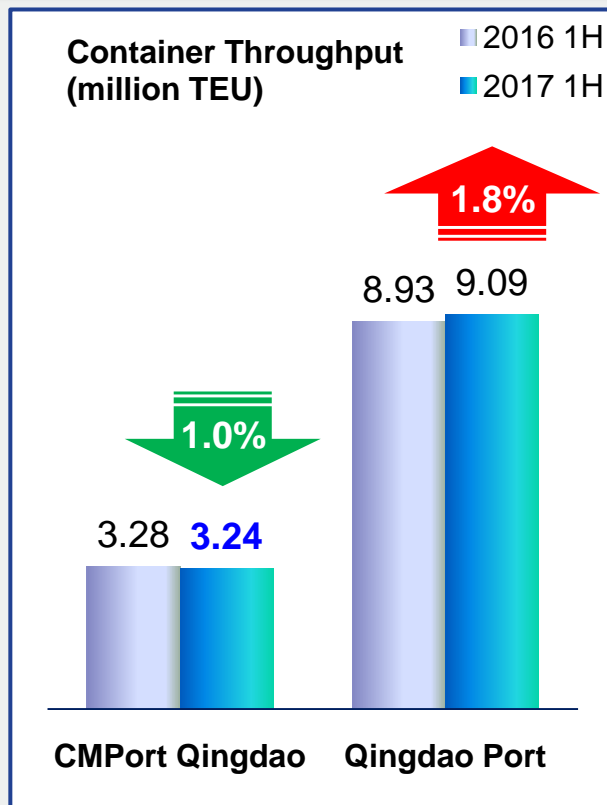
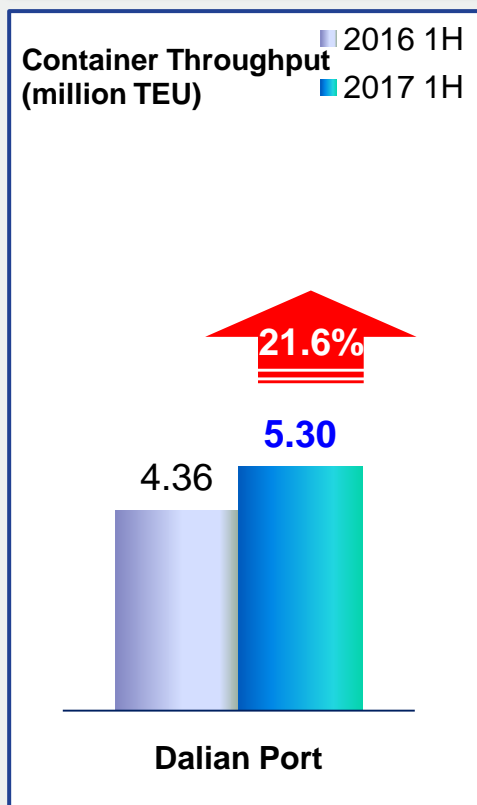


Container Throughput (million TEU)



# Business Analysis – Bohai Rim

- ◆ Driven by Dalian port project , container throughput derived from Bohai Rim grew 10.0%
- ◆ Dalian port handled 5.30 million TEUs in 1H 2017, up 21.6% year-on-year
- ◆ CMPort Qingdao and CMPort Tianjin dropped slightly

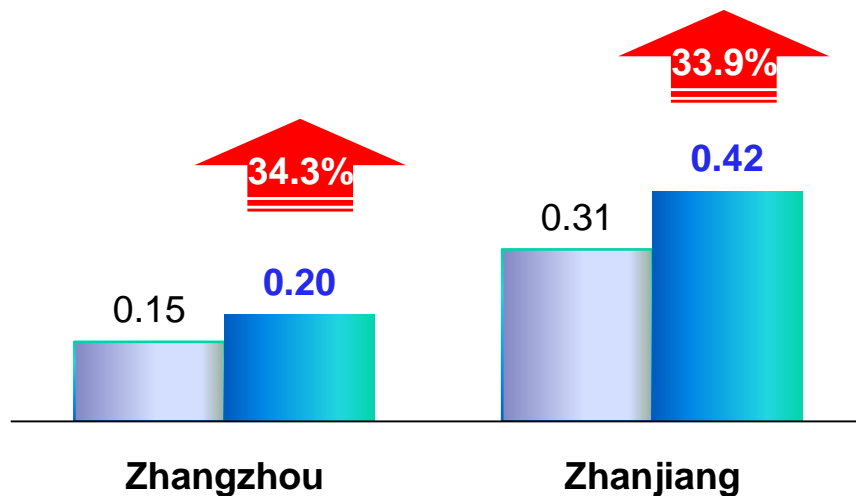


# Business Analysis – Mainland Others & Taiwan

- ◆ Zhangzhou and Zhanjiang ports recorded 34.3% and 33.9% growth respectively
- ◆ Taiwan KMCT maintained steady performance

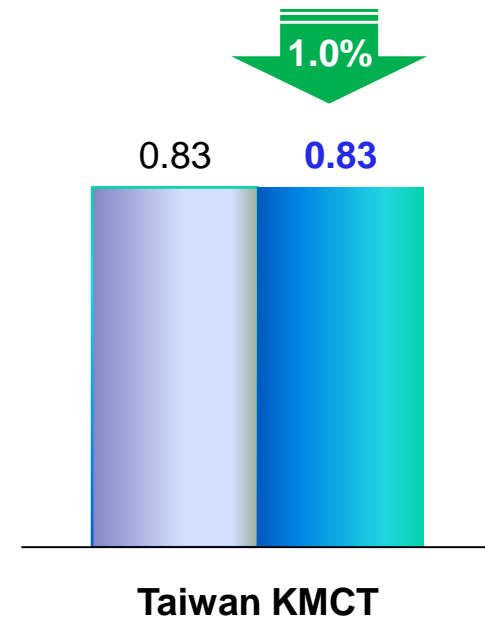
Container Throughput  
(million TEU)

2016 1H  
2017 1H



Container Throughput  
(million TEU)

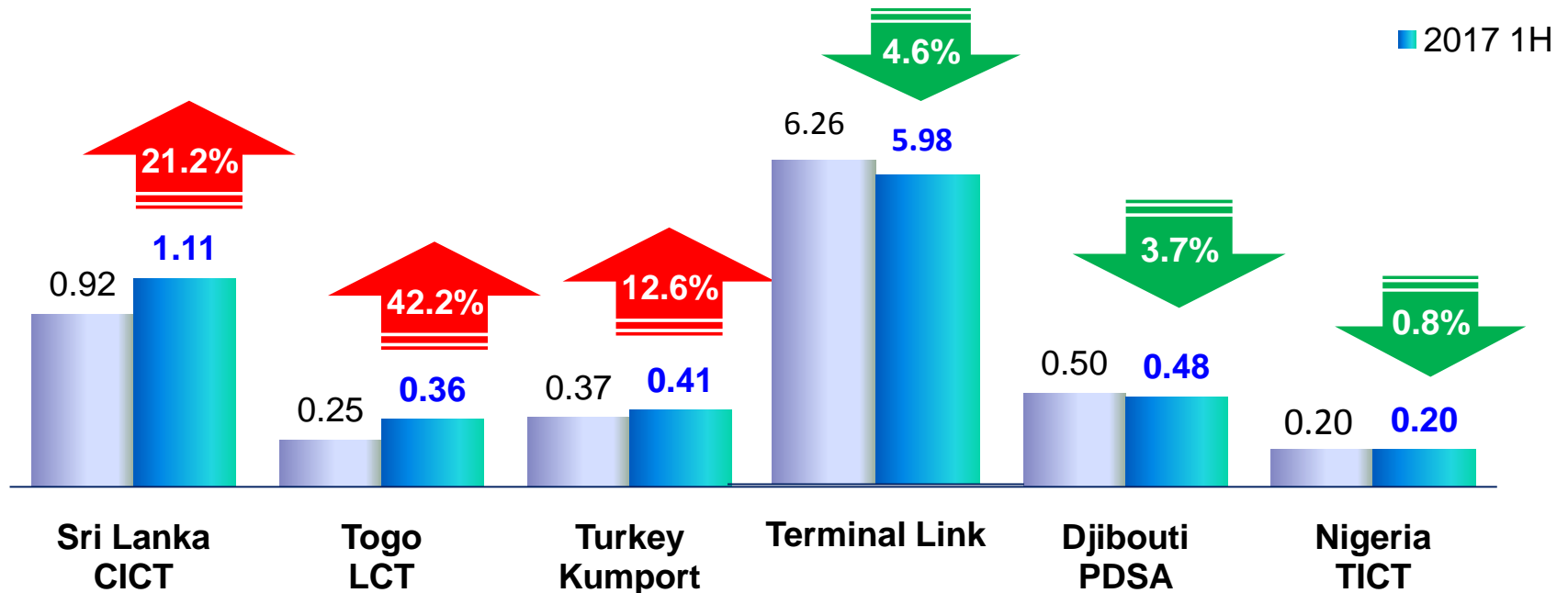
2016 1H  
2017 1H



# Business Analysis – Overseas

- ◆ Container throughput handled by overseas projects totaled 8.54million TEUs, which is similar to the same period last year
- ◆ Overseas greenfield projects CICT grew by 21.2%, LCT grew by 42.2%
- ◆ The drought of Ethiopia in 1H 2016 has resulted in a sudden increase in Djibouti's throughput volume, the 1H2017 performance is back to normal

Container Throughput (million TEU)



# 目录

## CONTENTS

### 1. Performance Highlights

### 2. Business Analysis

Container Handling Operation

Bulk Cargo Handling Operation

Logistics Operation

### 3. Operation Overview

### 4. Outlook

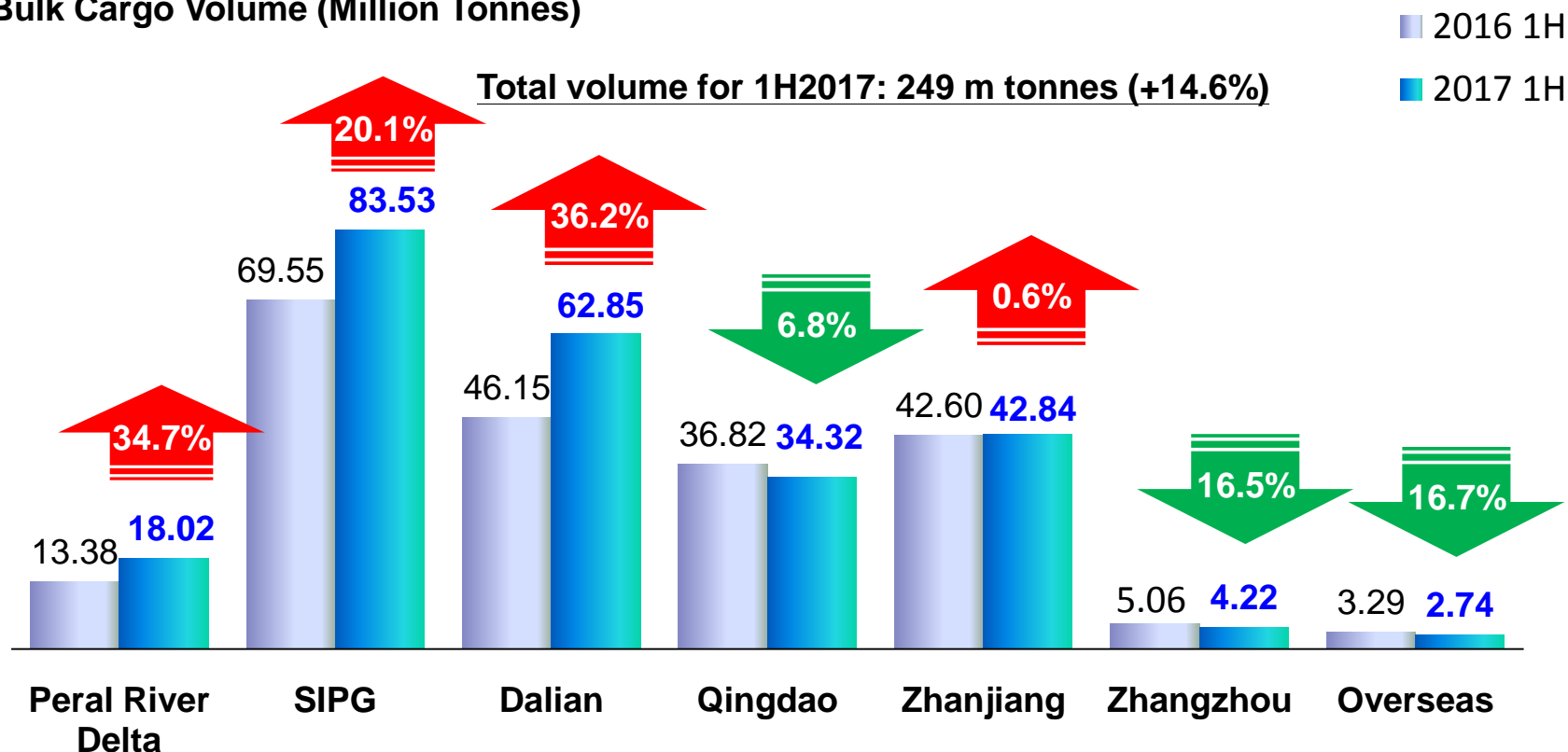
### 5. Q&A



# Business Analysis – Bulk Cargo Operation

- ◆ Bulk Cargo volume totaled 249million tonnes, up 14.6% y-o-y
- ◆ West Shenzhen and SIPG showed remarkable growth

Bulk Cargo Volume (Million Tonnes)



# 目录

## CONTENTS

### 1. Performance Highlights

### 2. Business Analysis

Container Handling Operation  
Bulk Cargo Handling Operation  
Logistics Operation

### 3. Operation Overview

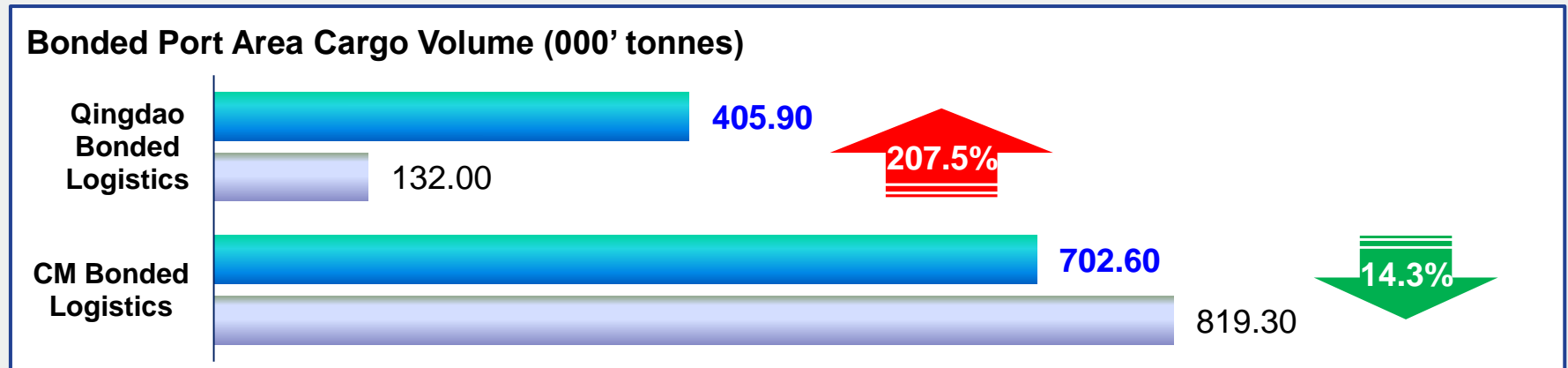
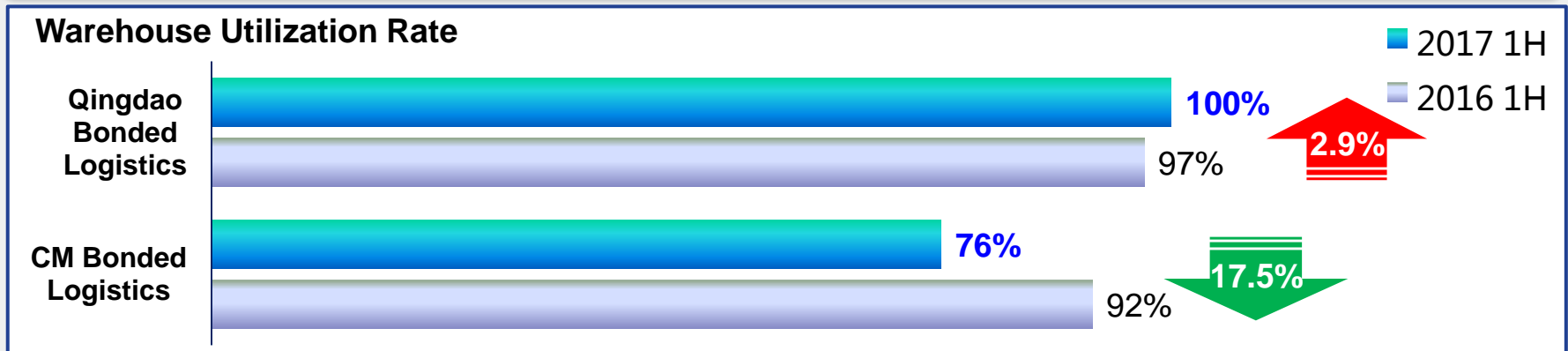
### 4. Outlook

### 5. Q&A



# Business Analysis – Bonded Logistics

- ◆ By utilizing resources on self-operate business , Qingdao bonded logistics warehouse was fully utilized
- ◆ The cargo volume of CM Bonded logistics dropped by 14.3% due to change of customs policies





# 目录

## CONTENTS

1. Performance Highlights
2. Business Analysis
3. Operation Overview
4. Outlook
5. Q&A



# Operations Overview – Homebase Port Development

- ◆ Facilitate the construction and upgrade in our domestic homebase port to enhance the “Hard Power” on an ongoing basis
- ◆ Improve operational efficiency to strengthen the “Soft Power”

## Improve Operational Efficiency

- ◆ Operational integration
- ◆ “E-port” Phase 1 online
- ◆ Qianhai “Single Window” Trial online

## Sharpen the Competitive Edges of Homebase Port

- ◆ Leverage on the advantages offered by Free Trade Zone
- ◆ Facilitate simplification of the custom clearance process
- ◆ Construct and optimise cargo collection-distribution system

## Development of Homebase Port

## Construction and Upgrade of Homebase Port

- ◆ Widening of Tonggu Channel
- ◆ Upgrading of Berths
- ◆ Construction of “Mawan Smart Port”

# Operations Overview – Port Consolidation & Overseas Expansion

## Improve Domestic Network

- ◆ Acquire 60% share from Shantou SPG to strengthen the layout in Southeast China
- ◆ Actively participate in domestic regional ports consolidation
- ◆ Discover and enhance the construction of “Guangdong HK Macau Big Bay Area”



Shantou Port

## Enhance International Layout

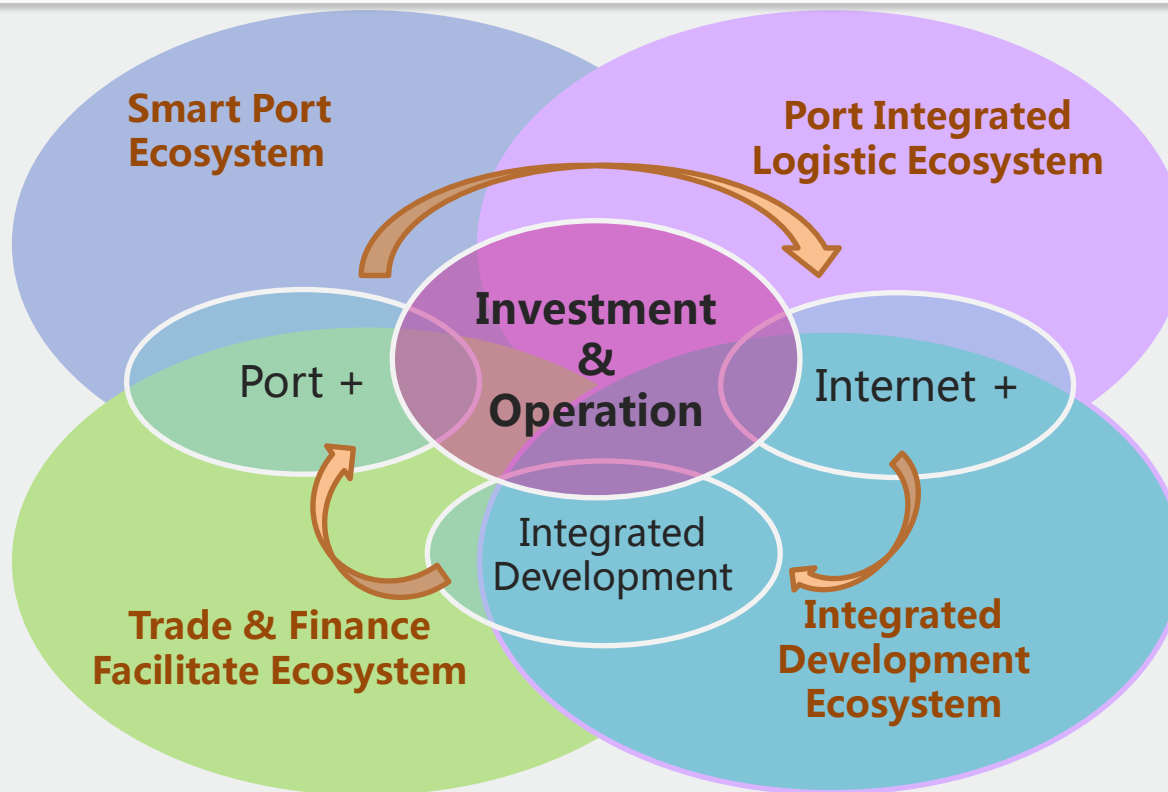
- ◆ Signing of the concession agreement of the Hambantota Project
- ◆ Djibouti DMP Port begins to operate in April
- ◆ Explore “PPC” overseas development
- ◆ Tackle opportunities from “Belt & Road” initiative to enhance port network.



Hambantota Port

# Operations Overview – Operation Transformation

- ◆ Stem from Smart Port, integrated logistics, trade & finance facilitation and integrated development, with an aim to nurture a comprehensive port ecosystem.
- ◆ With PORT as the core business, penetrate along the upstream and downstream value chain to create and share benefits with different industries.



# Operations Overview – Capital Management with Finance & Business Innovation

## Capital Management with Finance

- ◆ Port core business orientation
- ◆ Dispose non-core business, e.g. share of CIMC
- ◆ Optimise asset structure and increase asset return
- ◆ Enhance cost efficiency and reduce financial cost on a reasonable basis

## Business Innovation

- ◆ “E-port” : One-stop service platform of West Shenzhen port zone phase 1 online
- ◆ “Exgrain.com” : “Internet + Farm” integrated electronic bulk trading platform for grains
- ◆ “Silk Road E-Merchants” : Innovative business model overseas

# 目录

## CONTENTS

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1. Performance Highlights
2. Business Analysis
3. Operation Overview
4. Outlook
5. Q&A

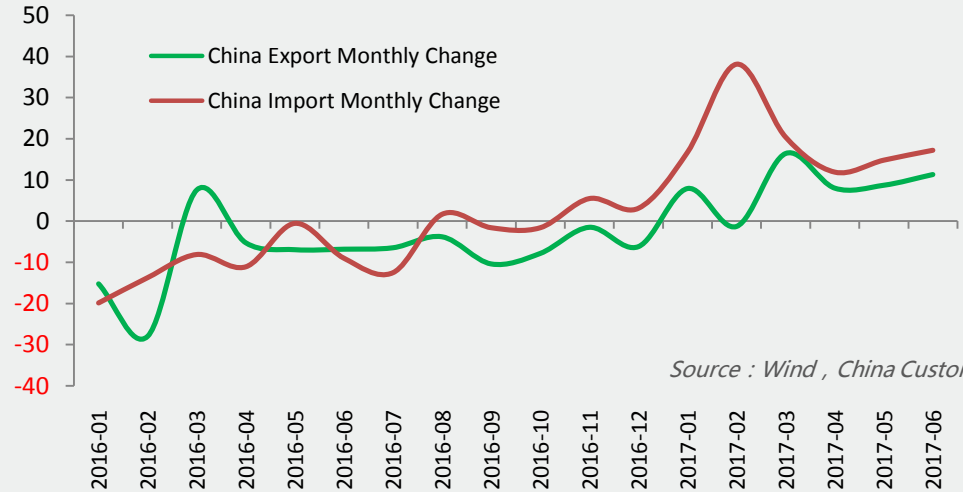


# Outlook – Global Economic Environment

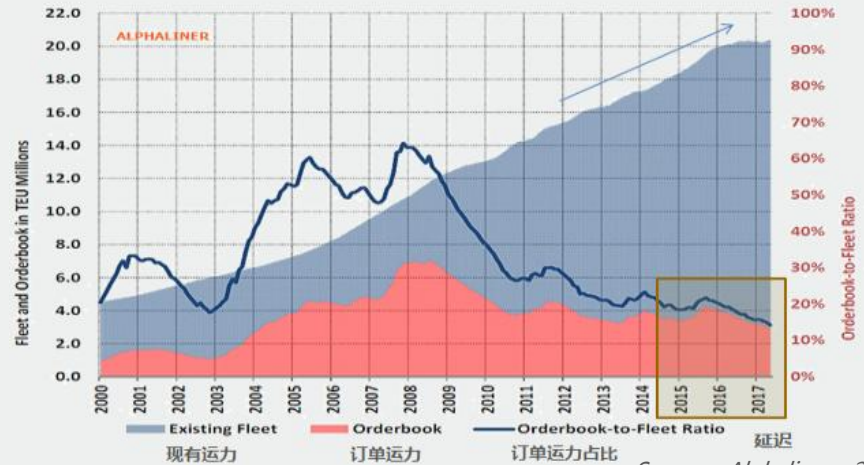
- ◆ Continue recovery in global economy
- ◆ Mild rebound in international trade
- ◆ Stable growth in China trade
- ◆ Increase demand in international shipping

## IMF World Economic Outlook (July 2017)

Country/Region	Actual Economic Growth	Forecast Economic Growth		2017 vs 2016
	2016	2017	2018	Change
<b>Global</b>	3.2	3.5	3.6	0.3
<b>Developed Countries</b>	1.7	2.0	1.9	0.3
USA	1.6	2.1	2.1	0.5
Euro Zone	1.8	1.9	1.7	0.1
Japan	1.0	1.3	0.6	0.3
UK	1.8	1.7	1.5	(0.1)
<b>Developing Countries</b>	4.3	4.6	4.8	0.3
ASEAN	4.9	5.1	5.2	0.2
China	6.7	6.7	6.4	flat
India	7.1	7.2	7.7	0.1
Brazil	-3.6	0.3	1.3	3.9
Russia	-0.2	1.4	1.4	1.6
<b>Int'l Trade Volume</b>	2.3	4.0	3.9	1.7

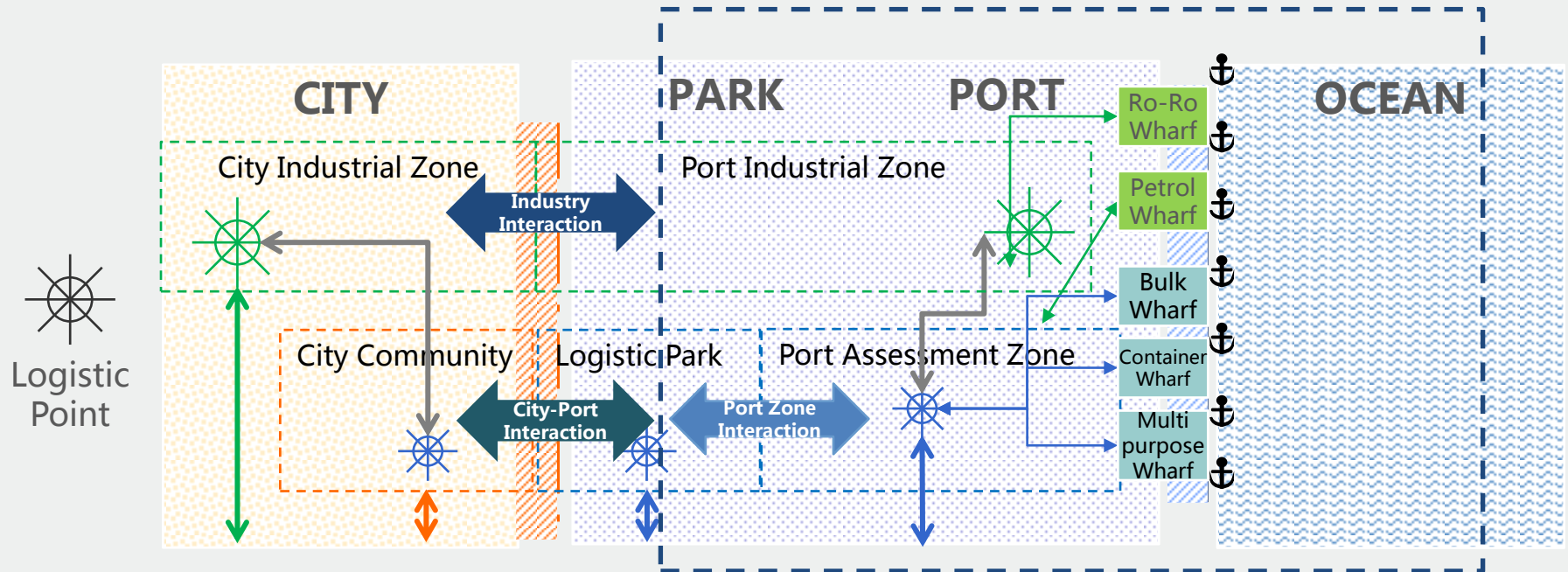


## 2000-2017 Container Ship Capacity (Existing + Preorder)



# Outlook – “PPC” Development

- ◆ CMPort first introduce the “PPC” model among global port service providers, which aims to develop port industrial zone and create port zone interaction in order to create mutual benefits.
- ◆ Concludes the project list for “PPC” development model





# Outlook – 1. Domestic Strategy



Grasp the opportunities derived from the state-owned enterprise reform, regional ports consolidation and major ports M&A, to further enlarge and improve the domestic network of CMPort.

Comprehensively boost the influence of CMPort among Pearl River Delta , Yangtze River Delta and Bohai Rim region as a port operator.

# Outlook – 2. International Strategy



■ Opportunities from “Belt & Road”

■ Oversea Homebase Port Development

■ Oversea Innovative Operation Model



“Solidify ports layout in Asia, Improve ports network in Africa, Expand footprint in Europe and Acquire new exposure in Americas” ,

# Outlook – 3. Innovation Strategy

## Commercial Innovation

Continuously explore the transformation to port integrated service provider

Implementation Plan :  
"Port+" & "Internet+"

Generate Big data of the shipping industry

## Technology Innovation

Being the pioneer of "Smart Port" & "Green Port" by tackle engineer technology and IT technical Innovation

VR virtual scene RTG training system

## Management Innovation

Management model +  
Operation Model +  
Marketing Model +  
Purchasing Model +  
Cost Efficiency +  
Data Analysis

# 招商局港口 梦想启航

## Q & A

成为世界一流的港口综合服务商

Aspiring to be a world's leading comprehensive port service provider

2016年6月，专注港口业务发展的招商局国际有限公司正式更名为招商局港口控股有限公司。

In June 2016, the port business development specialist China Merchants Holdings (International) Company Limited is officially renamed as China Merchants Port Holdings Company Limited.



[www.cmport.com.hk](http://www.cmport.com.hk)

One Belt One Road  
一带一路